



# Deputy Chief of Naval Operations (Fleet Readiness & Logistics)

*How will Logistics Transformation  
change the way we do Logistics?*



## High Yield Logistics & Navy's High Yield Logistics Transformation Strategy

*Shape*

*Anticipate*

*Innovate*

*Lead*





# Charting the Course

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**High Yield Logistics Strategy**

**Logistics Transformation Plan**

**Conclusion**

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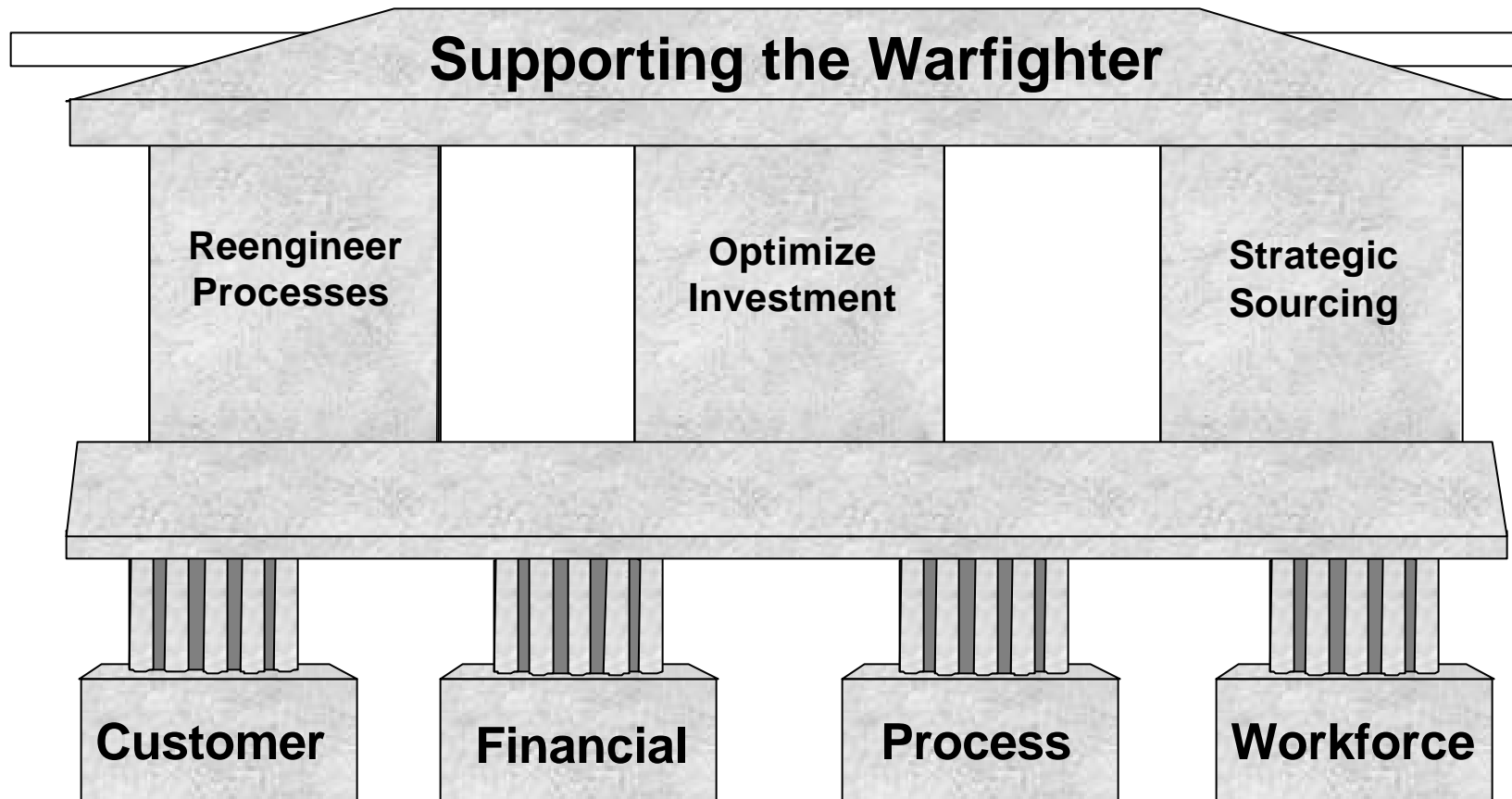
*Innovate*

*Lead*



# Navy's High Yield Strategy

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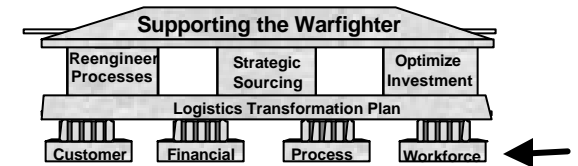
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# Navy's High Yield Strategy

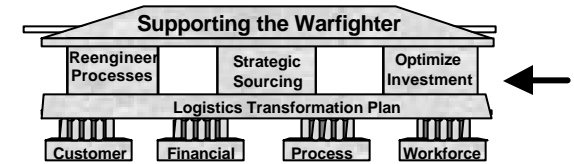
## Goals:



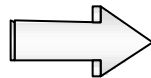
- **Customer:** Maintain and Sustain *the Warfighter* whenever, wherever
- **Financial:** Achieve optimum warfighter readiness at the *best value*
- **Process:** Deliver rules and tools that *optimize logistics systems* responsiveness to the warfighter
- **Workforce:** Develop the *best trained* and *most qualified Logisticians* in the world.



# Pillar 1... Re-engineering the Support Chain



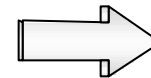
- Optimized IT Infrastructure
- Application Segments:
  - Maintenance
  - Supply, Inventory and Finance
  - Manpower Management



## One Touch Support



- Web-based capability
- Global Support
  - Supply Functions
  - Logistics (Maint) Functions
- Regional Support / Local Services



## e Business Portal



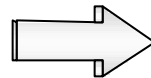
- Single point of useful, comprehensive, integrated Internet access
- Many applications... SCM, eCommerce, Distance Learning, etc.



## TODAY Shore Activity



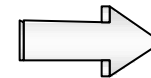
- Government Owned
- Government Maintained



## ONGOING Regionalization



- Government Owned
- Contract/Gov't maintained
- Regional planning
- Consolidating resources



## FUTURE Joint



- Private/Gov't owned
- National contracts
- Joint Basing
- Reduced footprint & manning

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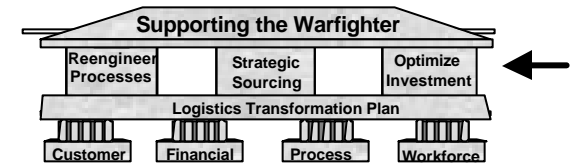
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## Pillar 2... Sourcing - What Makes Sense



### Shore Activity



- Government Owned
- Government Maintained
- Government Performed

### Strategic Sourcing



- A-76
- Functionality Assessment
- Contract Efficiencies

### Outsourcing “Brick & Mortar”



- Public Private Venture
- National contracts
- Privatization

**TODAY**

**ONGOING**

**FUTURE**

### V-22 Engine



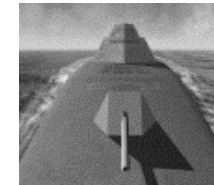
- CLS for T-406
- Power by the hour

### LPD-17



- LPD-17 Unique Items... No organic support
- Contractor supply chain

### DD 21



- Turn key logistics
- Reduced footprint & manning

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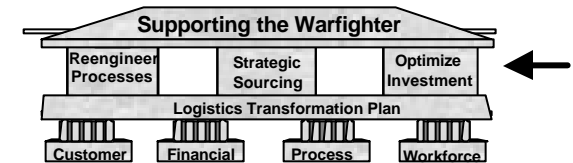
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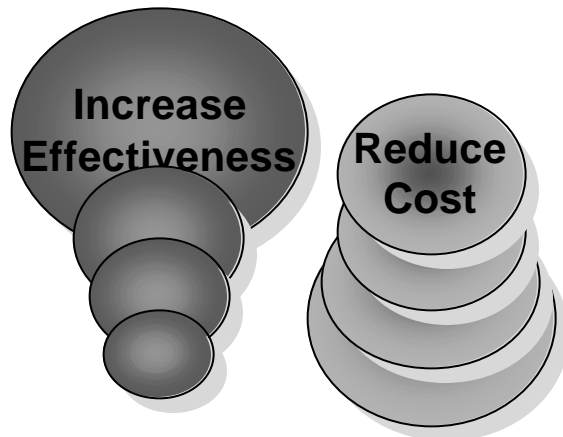
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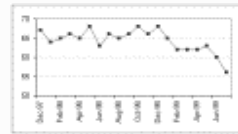
## *Pillar 3...* *Optimizing What We Keep*



- **Process**
- **Methods**
- **Technology**
- **Infrastructure**



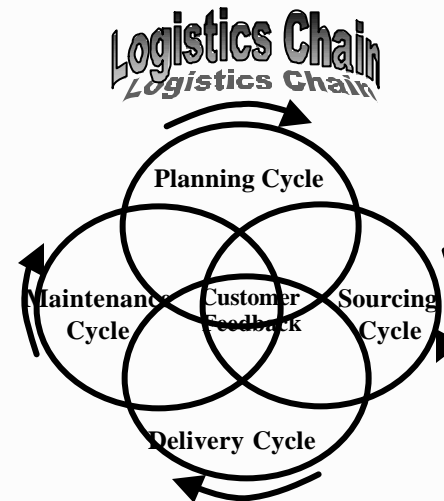
### Forecasting Improvements



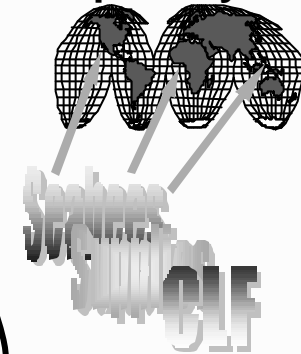
### Technology Insertion



SMART Base  
One Place  
Citi Direct  
Design Build



### Optimizing Capability



### Capitalizing on Industry Success



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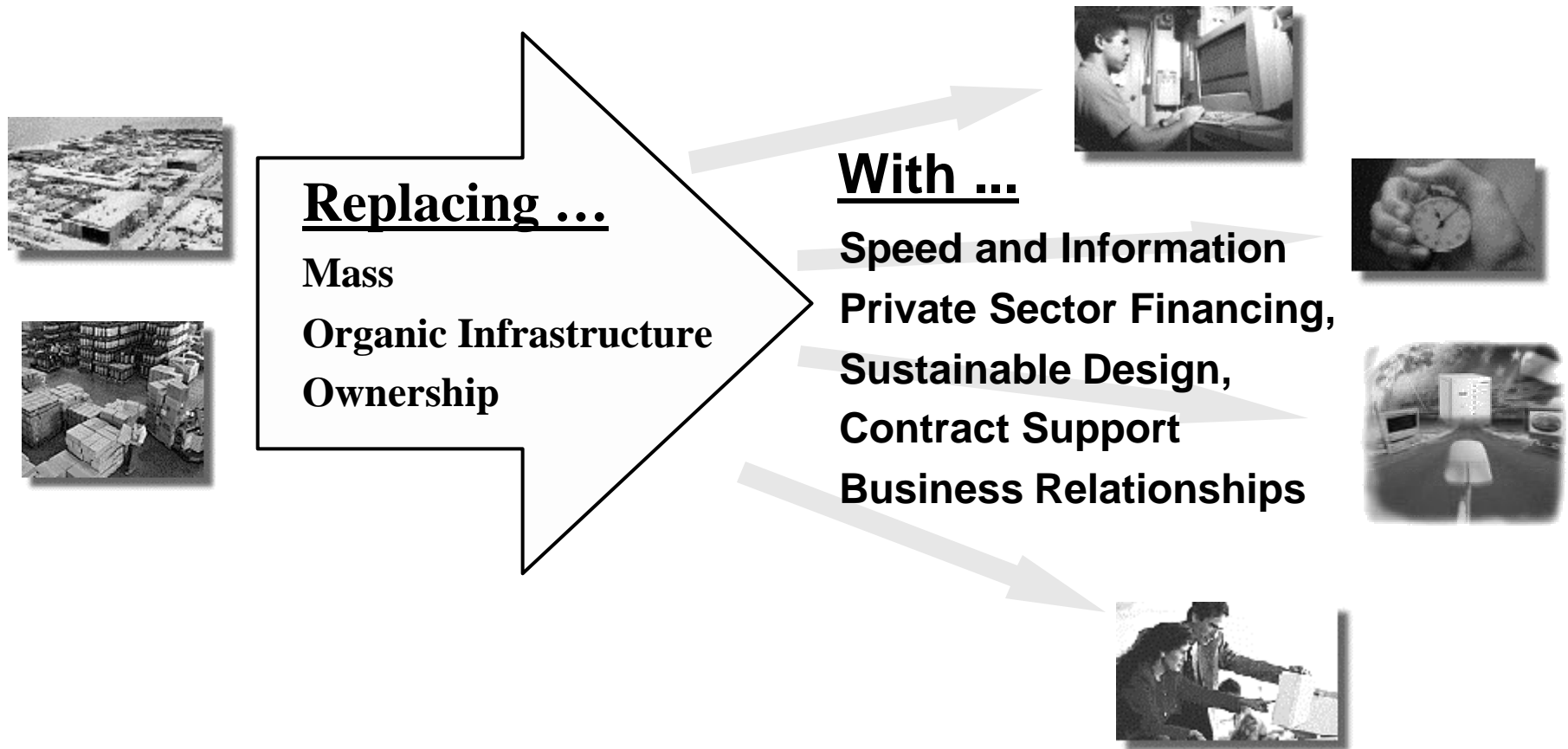
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# Navy's High Yield Strategy

## *High Yield Logistics*



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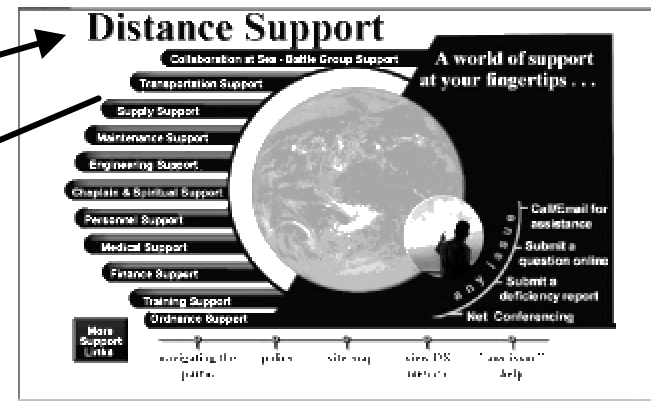
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# Navy's High Yield Logistics Transformation Plan

- Objective 1 - Optimize support to Warfighter
  - Single point of entry web-based logistics portal
  - Design for reliability
  - Aviation Maintenance and Supply Readiness Group



- Objective 2 - Improve strategic mobility
  - Defer to MRS-05



# Navy's High Yield Logistics Transformation Plan

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- Objective 3 - Implement Customer Wait Time (CWT)
  - Move to CWT (class IX) by '01 if business rules formalized
  - Recognize that each component must define goals and metrics (Time Definite Delivery)
- Objective 4 - Implement Total Asset Visibility (TAV)
  - Navy has 98% TAV of targeted material today
  - Improving In-Transit and In-Process visibility through Automated Identification Technology



# Navy's High Yield Logistics Transformation Plan

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- Objective 5 - Reengineer/modernize applicable logistics processes and systems
  - Navy/Marine Corps Intranet
  - Collaboration at Sea
  - Replacing legacy logistics software with modern commercial Enterprise Resource Planning software
- Objective 6 - Minimize logistics costs while meeting Warfighter requirements
  - Reduction in Total Operating Cost initiatives



# Conclusion

- Our destination is to provide better support to the Warfighter.
- We are using the Navy's *High Yield Logistics Strategy* to chart our course.
- The Navy's Logistics Transformation Plan's collaborative approach ensures Navy-wide participation and buy-in.
- The Navy's Logistics Transformation is underweigh making way...



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# Back Up Slides

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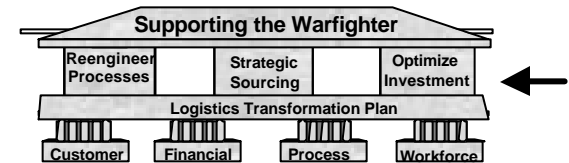
*Lead*



# Navy's High Yield Strategy

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## Objectives:



- *Re-engineer* our logistics processes to provide optimal support to the Warfighter.
- *Strategic source* of our inventory, infrastructure, maintenance, and service functions where it makes sense.
- *Optimize* the resources we keep.



# DRID #54 Objectives

- **Intermediate**

- (1) Implement Customer Wait Time performance measures.
- (2) Simplify priority system.
- (3) Achieve accurate Total Asset Visibility / accessibility.
- (4) Field web-based shared data environment.

- **Long Term**

- (1) Optimize support to the Warfighter.
- (2) Improve strategic mobility to meet Warfighter requirements.
- (3) Implement CWT as the DoD logistics metric.
- (4) Fully implement Joint Total Asset Visibility across DoD.
- (5) Reengineer/Modernize applicable logistics processes/systems.
- (6) Minimize logistics costs while meeting Warfighter requirements.



# Navy's High Yield Logistics Transformation Plan

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## 45 initiatives

1. Optimize support to Warfighter: 13
2. Improve strategic mobility: Defer to MRS-05
3. Implement Customer Wait Time: 4
4. Implement Total Asset Visibility: 6
5. Reengineer/Modernize applicable logistics processes/systems: 16
6. Minimize logistics costs while meeting Warfighter requirements: 6



# DRID #54 Initiatives

## Objective 1: Optimize Support to the Warfighter

- 1a. Logistics Engineering Change Proposal Program (LECP) (NAVSUP)
- 1b. Aviation Maintenance and Supply Readiness (AMSR) (NAVAIR)
- 1c. Naval Ordnance Readiness Improvement Process (NORIP) (CNO N4)
- 1d. One Touch Support Initiative (NAVSUP)
- 1e. Distance Support/Anchor Desk/Integrated Call Center (NAVSEA)
- 1d. Joint Aviation Technical Data Integration (NAVAIR)
- 1f. Joint Aviation Technical Data Integration (NAVAIR)
- 1g. Warfighter (NAVAIR)
- 1h. Design for Ownership (NAVSEA)
- 1i. Competency Management Program (NAVSEA)
- 1j. ILA Certification (NAVSEA)
- 1k. Integrated Product Support (NAVSEA)
- 1l. Enable Condition Based Maintenance (ONR) (CNO N4)
- 1m. Top Management Attention/Top Management Issues (TMA/TMI) (Fleets)

## Objective 2: Improve Strategic Mobility to Meet Warfighter Requirements

- Defer to MRS - 05

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# DRID #54 Initiatives

## **Objective 3: Implement Customer Wait Time (CWT) as the DoD Logistics Metric**

- 3a. Plan to Implement CWT (NAVSUP)
- 3b. Response to Failure (NAVAIR)
- 3c. Logistics E-Business Concept of Operations (NAVSEA)
- 3d. Reduce CWT for MSC ship material. (MSC)

## **Objective 4: Fully Implement Total Asset Visibility Across DoD**

- 4a. Plan to Fully Implement Total Asset Visibility Across DoD (NAVSUP)
- 4b. Plan for Total Asset Visibility (NAVAIR)
- 4c. Serial Number Tracking (SNT) (NAVAIR)
- 4d. Total Asset Visibility, (NAVSEA)
- 4d. Establish a System that provides each MSC ship to TAV. (MSC)



# DRID #54 Initiatives

## Objective 5: Reengineer/Modernize Applicable Logistics Processes/Systems

- 5a. NAVSUP Plan to Reengineer/Modernize Applicable Logistics Processes/Systems
- 5b. Fleet Support Team (FST) (NAVAIR)
- 5c. Naval Aviation Logistics Data Analysis Integrated Data Environment
- 5d. Professional Development Program (PDP) (NAVAIR)
- 5e. Quality Management System (NAVAIR)
- 5f. Sustained Maintenance Planning (NAVAIR)
- 5g. Technical Publications Lifecycle Processes (NAVAIR)
- 5h. Toolbox (NAVAIR)
- 5i. Logistics E-Business Concept of Operations (NAVSEA)
- 5j. Enterprise Resource Planning (ERP) Maintenance Pilot (NAVSEA)
- 5k. NAVSEA Data Environment (NDE)
- 5l. Navy and Marine Corps Intranet (N/MCI) (NAVSEA)
- 5m. Update and Revise Logistics Systems and Procedures to reflect implementation of new financial management system and most efficient organization studies (MSC)

## Objective 6: Minimize Logistics Costs While Meeting Warfighter Requirements

- 6a. Plan to Minimize Logistics Costs While Meeting Warfighter Requirements
- 6b. Total Ownership Cost (TOC) (NAVAIR)
- 6c. Affordability through Commonality Program Effort (NAVSEA)
- 6d. TOC Reduction (NAVSEA)
- 6e. Reduce Overall Costs to the Customer
- 6f. Cost Reduction through Standardization



# Business Plans

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**NAVSUP listed 4 goals: Same Goals as High Yield**

**NAVSEA listed 19 efforts:**

- Strategic Sourcing
- Regional Maintenance
- Ship Avail. Planning Centers
- Carrier Team One
- Cumbersome Work Practices
- Engineering for Reduced Maintenance
- Advanced Industrial Mgmt
- Tool Inventory Management App.
- Competitive Cost
- Injury Tracking Best Practice
- Guaranteed Mandays
- Public-Private Partnerships
- Sub. Baseline Project Mgmt. Plan
- Standardization Program
- Infrastructure Mgmt. Program
- Best Business Practices
- Facilities & Equip. Maintenance
- Laboratory Info. Mgmt. Sys.
- Comparison & Benchmark
- Injured Worker/Light Duty

• **NAVAIR listed 12 efforts:**

- Enterprise Resource Planning
- Tailored Aircraft Pricing & Scheduling
- Integrated Maintenance Concept
- Theory of Constraints Product Mgmt.
- Multi Skilled Work Force
- Purchase to Workload Forecast
- Component Reliability Improvement Initiative
- ISO 9000
- Material Resource Planning (MRPII)
- Earned Value Mgmt. (EVM)
- Automated Ordering and Requisitioning
- Product Mix Procurement Strategy

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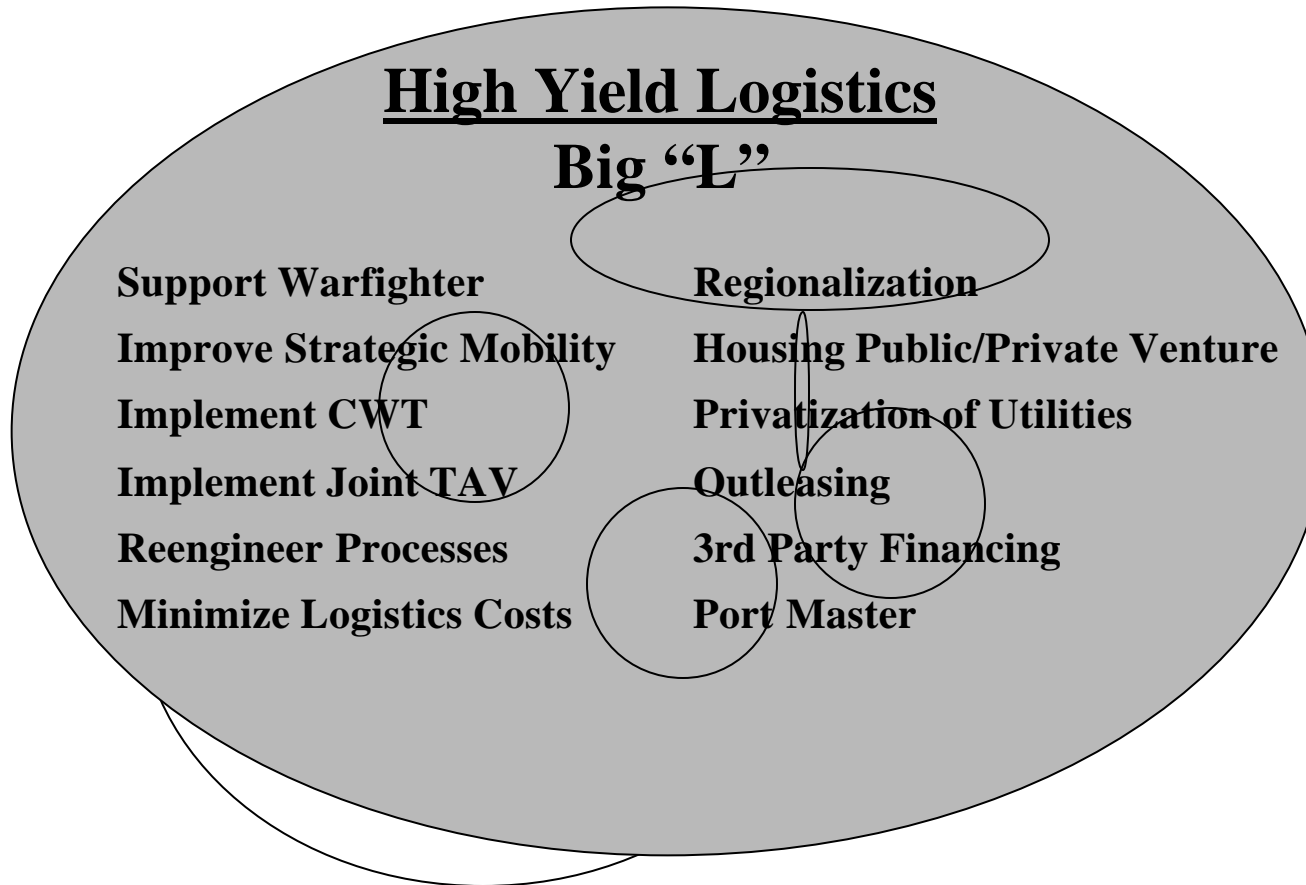
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# Navy's High Yield Strategy

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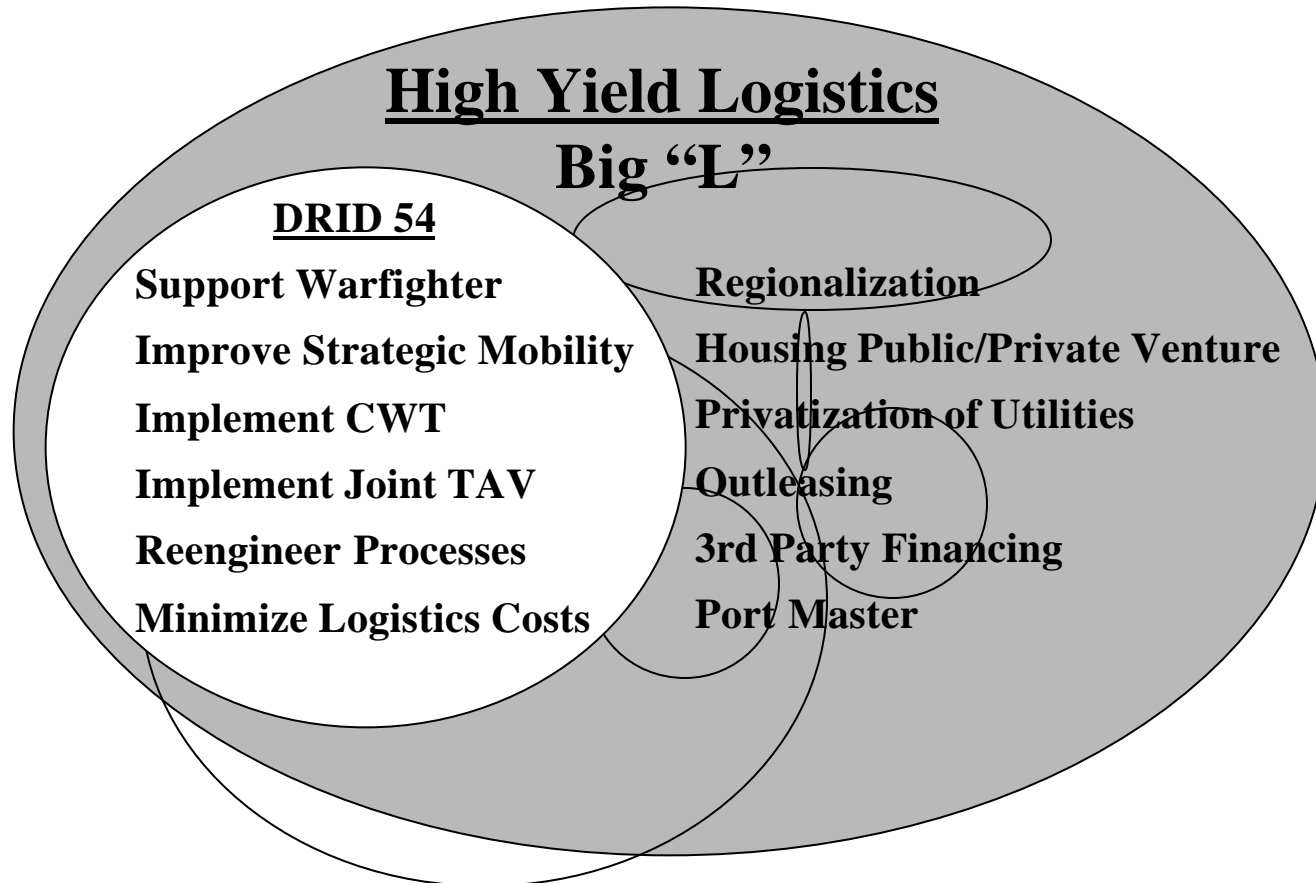
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# Navy's High Yield Strategy



High Yield Logistics meets DRID #54 objectives plus Big 'L' requirements

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*Lead*



# Navy Shipping Goals

|                          | IPG 1                             | IPG 2                  | IPG 3                  |
|--------------------------|-----------------------------------|------------------------|------------------------|
|                          | SHIP BY FASTEST<br>MEANS POSSIBLE | SHIP BY<br>BEST VALUE  | SHIP BY<br>BEST VALUE  |
| Deployed                 | SHIP BY FASTEST<br>MEANS POSSIBLE | SHIP BY<br>BEST VALUE  | SHIP BY<br>BEST VALUE  |
| Pre-Deployment<br>Workup | SHIP BY<br>BEST VALUE             | SHIP BY<br>BEST VALUE  | SHIP BY<br>LOWEST COST |
| Non-Deployed             | SHIP BY<br>BEST VALUE             | SHIP BY<br>LOWEST COST | SHIP BY<br>LOWEST COST |

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